

BENDLE PUBLIC SCHOOLS
BURTON, MICHIGAN
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 10, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Bendle Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bendle Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bendle Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bendle Public Schools as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 10, 2007 on our consideration of the Bendle Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II - VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bendle Public Schools' basic financial statements. The additional information on pages 19 - 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bendle Public Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliation.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

District Wide Financial Statements: (Continued)

These two statements report the Bendle Public Schools net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2007 and 2006:

	<u>NET ASSETS SUMMARY</u>	
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$18,875,356	\$20,855,725
Non-Current Assets	<u>6,314,098</u>	<u>2,413,356</u>
<u>TOTAL ASSETS</u>	<u><u>\$25,189,454</u></u>	<u><u>\$23,269,081</u></u>
<u>LIABILITIES</u>		
Current Liabilities	\$2,168,443	\$1,767,269
Long-Term Liabilities	<u>16,179,058</u>	<u>16,200,873</u>
Total Liabilities	\$18,347,501	\$17,968,142
<u>NET ASSETS</u>		
Invested in Capital Assets - Net of Related Debt	2,045,046	1,162,376
Restricted - Debt Retirement	282,366	0
Restricted - Capital Projects	(7,785)	(77,077)
Unrestricted	<u>4,522,326</u>	<u>4,215,640</u>
Total Net Assets	<u><u>\$6,841,953</u></u>	<u><u>\$5,300,939</u></u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$25,189,454</u></u>	<u><u>\$23,269,081</u></u>

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2007 and 2006, the District wide results of operations were:

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
<u>General Revenues:</u>		
Property Taxes Levied for General Operations	\$929,224	\$860,203
Property Taxes Levied for Debt Retirement	735,957	0
Property Taxes Levied for Capital Projects	197,891	194,526
State of Michigan Unrestricted Foundation Aid	9,918,553	9,272,368
Other General Revenues	<u>1,401,054</u>	<u>467,585</u>
Total General Revenues	\$13,182,679	\$10,794,682
<u>Operating Grants:</u>		
Federal	1,491,043	1,548,045
State of Michigan	1,191,089	1,193,532
Other	<u>67,441</u>	<u>97,864</u>
Total Operating Grants	\$2,749,573	\$2,839,441
<u>Charges for Services:</u>		
Food Service	106,215	111,269
Athletics	18,801	35,778
Other Charges for Services	<u>183,942</u>	<u>177,703</u>
Total Charges for Services	\$308,958	\$324,750
Total Revenues	\$16,241,210	\$13,958,873
<u>EXPENSES</u>		
Instruction & Instructional Support	7,564,871	7,366,270
Support Services	5,334,815	4,713,973
Community Services	142,837	127,695
Food Service	543,940	454,362
Athletics	215,508	221,321
Interest on Long-Term Debt	817,992	168,356
Depreciation	<u>80,233</u>	<u>82,340</u>
Total Expenses	\$14,700,196	\$13,134,317
<u>INCREASE IN NET ASSETS</u>	\$1,541,014	\$824,556
<u>BEGINNING NET ASSETS</u>	<u>5,300,939</u>	<u>4,476,383</u>
<u>ENDING NET ASSETS</u>	<u><u>\$6,841,953</u></u>	<u><u>\$5,300,939</u></u>

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2007, the District's Total Net Assets increased by \$1,541,014 to a total of \$6,841,953. The largest portion of the net assets are the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$882,670 during the year due to purchases of new capital assets exceeding depreciation and principal payments on related debt. The districts Unrestricted Net Assets increased by \$306,686 during the year and the restricted portion of the net assets increased by \$351,658. The restricted Net Assets consist of the restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$1,541,014. The total revenues increased by \$2,282,337. The major change was increases in property taxes, investment earnings and state aid. Expenditures increased by \$1,565,879. Major changes in expenditures included increases in interest expense and expenses incurred as a result of new construction.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Unreserved fund balance for the general fund increased by \$653,039 during the year with the increase coming primarily from an increase in cash. Revenues for the year increased by \$487,550; primarily due to increases property taxes, investment earnings and state aid. Expenditure and other financing uses increased by \$553,821, which was primarily due to increased instructional costs, increased student services, and added operational and maintenance costs. The major source of general fund revenues is state aid and taxes. An analysis of the sources is as follows:

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)
The State of Michigan aid, unrestricted, is determined with the following variables:
 - a. State of Michigan State Aid Act per student foundation allowance
 - b. Student Enrollment - Blended at 75 percent of current year's fall count and 25 percent of prior year's winter count
 - c. The District's non-homestead tax levy
2. Per Student, Foundation Allowance:
Annually, the State of Michigan establishes the per student foundation allowance. The Bendle Public Schools foundation allowance was \$7,085 per student for the 2006-2007 school year.

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

General Fund (Continued)

3. Student Enrollment:

The District's student enrollment for the fall count of 2006-2007 was 1,530 students. An increase of 33 students from the prior year.

4. Property Taxes Levied For General Operations (General Fund Non-Homestead Taxes)

The District levies 17.845 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2006-2007 fiscal year was \$910,404. This represents an increase of \$36,197 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$13,200,336	\$13,640,674	\$13,621,437	3.34	0.14
Expenditures	13,121,553	13,506,253	12,968,398	2.93	3.98
<u>TOTAL</u>	<u>\$78,783</u>	<u>\$134,421</u>	<u>\$653,039</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bendle Public Schools amends its budget during the school year. The June, 2007 budget amendment was the final budget for the fiscal year.

Original vs. Final Budgets

Revenues

Variances in the budgeted revenues from the original to the final budget was a result of (1) increased student enrollment which resulted in an increase in state aid, (2) the foundation allowance was increased to \$7,085 which was an increase from what was budgeted due to the unstable economy and the financial instability of the State.

Expenditures

Variances in the budgeted expenditures from the original to the final budget were due to (1) budgeted projects, staffing and programs which were held in abeyance due the financial instability of the State, and (2) expansion of adult and alternative education programming was delayed due to program development issues which delayed implementation until the 2007-08 school year.

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ANALYSIS OF BUDGETS:

Actual Results vs. Final Budgets

Revenues

The variance of .14% in revenues resulted from interest earned for the 2006-07 school year.

Expenditures

The variance of 3.98% was based on program development for the Bendle/Carman-Ainsworth Consortium and Baker College Career Academy which was delayed until the 2007-08 school year. Expenses anticipated to occur never materialized due to delayed program development.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-06	Increases 6-30-07	Principal Payments 6-30-07	Principal Balance 6-30-07
Durant Bonds	\$119,329	\$0	\$0	\$119,329
Building & Site Bonds	16,020,000	0	100,000	15,920,000
Installment Contract	38,130	0	38,130	0
MI School Bond Loan Fund	0	377,663	0	377,663
Sick Days Payable	171,790	0	4,724	167,066
<u>Total Long-Term Debt</u>	<u>\$16,349,249</u>	<u>\$377,663</u>	<u>\$142,854</u>	<u>\$16,584,058</u>

Michigan School Bond Loan Fund

The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of \$12,852 has been assessed for the year ended June 30, 2007, and is included in the amount owing the State at that date. The principal balance as of June 30, 2007 was \$377,663.

BENDLE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

B. Capital Assets

The district's net investment in capital assets decreased by \$25,966 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deduction	Balance 6-30-07
Capital Assets	\$5,840,575	\$127,554	\$51,457	\$5,916,672
Less: Accumulated Depreciation	(3,971,685)	(174,134)	(30,843)	(4,114,976)
<u>Net Investment Capital Outlay</u>	<u>\$1,868,890</u>	<u>(\$46,580)</u>	<u>\$20,614</u>	<u>\$1,801,696</u>

The significant addition to fixed assets was the purchase of a van and heating and air conditioning units.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$7,262 per pupil for the 07-08 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the final foundation allowance is known.

The District's September 2007 enrollment is expected to remain static with no student gain.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to decrease to 16.72% in 07-08 from 17.74% in 06-07.

* The Bendle Public Schools 2007/2008 adopted budget is as follows:

<u>REVENUE</u>	\$13,640,674
<u>EXPENDITURES</u>	<u>13,517,253</u>
<u>NET OVER BUDGET</u>	<u>\$123,421</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, please contact the Business Office, Bendle Public Schools.

BENDLE PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$5,040,500
Investments	11,654,737
Taxes Receivable	19,876
Due from Other Governmental Units	2,082,388
Inventory	10,236
Prepaid Expenses	67,619
Total Current Assets	<u>\$18,875,356</u>
<u>NON-CURRENT ASSETS</u>	
Construction in Progress	4,512,402
Capital Assets	5,916,672
Less: Accumulated Depreciation	<u>(4,114,976)</u>
Total Noncurrent Assets	<u>\$6,314,098</u>
<u>TOTAL ASSETS</u>	<u>\$25,189,454</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	887,943
Accrued Expenses	350,788
Salaries Payable	524,712
Current Portion of Long-Term Obligations	405,000
Total Current Liabilities	<u>\$2,168,443</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>16,179,058</u>
<u>TOTAL LIABILITIES</u>	<u>\$18,347,501</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	2,045,046
Restricted for:	
Debt Retirement	282,366
Capital Projects	<u>(7,785)</u>
Unrestricted	4,522,326
Total Net Assets	<u>\$6,841,953</u>
<u>TOTAL LIABILITES AND NET ASSETS</u>	<u>\$25,189,454</u>

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$7,564,871	\$0	\$2,186,412	(\$5,378,459)
Support Services	5,334,815	120,081	136,655	(5,078,079)
Community Services	142,837	63,861	0	(78,976)
Food Service	543,940	106,215	426,506	(11,219)
Athletics	215,508	18,801	0	(196,707)
Interest on Long-Term Obligations	817,992	0	0	(817,992)
Depreciation - Unallocated	80,233	0	0	(80,233)
<u>TOTALS</u>	<u>\$14,700,196</u>	<u>\$308,958</u>	<u>\$2,749,573</u>	<u>(\$11,641,665)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,863,072
State Aid				9,918,553
Grants and Contributions Not Restricted to				
Specific Programs				7,478
Investment Earnings				794,384
Miscellaneous				599,192
Total General Revenues and Transfers				<u>\$13,182,679</u>
Change in Net Assets				<u>\$1,541,014</u>
Net Assets - Beginning				<u>5,300,939</u>
<u>Net Assets - Ending</u>				<u>\$6,841,953</u>

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	General Fund	2006 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$4,389,955	\$120,540	\$530,005	\$5,040,500
Investments	0	11,654,737	0	11,654,737
Taxes Receivable	13,416	0	6,460	19,876
Due from Other Governmental Units	2,078,510	0	3,878	2,082,388
Inventory	0	0	10,236	10,236
Prepaid Expenses	67,619	0	0	67,619
<u>TOTAL ASSETS</u>	<u>\$6,549,500</u>	<u>\$11,775,277</u>	<u>\$550,579</u>	<u>\$18,875,356</u>
<u>LIABILITIES</u>				
Accounts Payable	\$872,635	\$5,000	\$10,308	\$887,943
Accrued Expenses	221,490	0	0	221,490
Salaries Payable	524,712	0	0	524,712
Total Liabilities	\$1,618,837	\$5,000	\$10,308	\$1,634,145
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	67,619	0	10,236	77,855
Debt Retirement	0	0	282,366	282,366
Capital Projects	0	11,770,277	(7,785)	11,762,492
Unreserved:				
Undesignated, Reported In:				
General Fund	4,863,044	0	0	4,863,044
School Service Funds	0	0	255,454	255,454
Total Fund Balances	\$4,930,663	\$11,770,277	\$540,271	\$17,241,211
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$6,549,500</u>	<u>\$11,775,277</u>	<u>\$550,579</u>	<u>\$18,875,356</u>

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007

Total Governmental Fund Balances:		\$17,241,211
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$5,916,672 and the accumulated depreciation is \$4,114,976		
		1,801,696
Construction in Progress		4,512,402
Accrued Interest on Long-Term Debt		(129,298)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	\$16,039,329	
MI School Bond Loan Fund	377,663	
Sick Days Payable	167,066	
Total Long-Term Liabilities		<u>(16,584,058)</u>
<u>TOTAL NET ASSETS -</u>		
<u>GOVERNMENTAL ACTIVITIES</u>		<u>\$6,841,953</u>

BENDLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	2006 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$1,342,177	\$811,734	\$1,381,533	\$3,535,444
State Sources	11,084,789	0	24,853	11,109,642
Federal Sources	1,089,390	0	401,653	1,491,043
Total Revenues	\$13,516,356	\$811,734	\$1,808,039	\$16,136,129
<u>EXPENDITURES</u>				
Current:				
Instruction	7,564,105	0	0	7,564,105
Student Services	891,145	0	0	891,145
Instructional Support	804,389	0	0	804,389
General Administration	288,356	0	0	288,356
School Administration	865,960	0	0	865,960
Business Administration	162,336	0	0	162,336
Operation & Maintenance of Plant	1,323,048	0	0	1,323,048
Transportation	200,306	0	0	200,306
Support Services - Other	10,846	0	0	10,846
Community Services	142,837	0	0	142,837
Food Service & Athletics	0	0	753,284	753,284
Debt Service	0	0	832,973	832,973
Capital Outlay				
Building and Improvements	0	3,963,616	0	3,963,616
Other	0	4,320	312,400	316,720
Total Expenditures	\$12,253,328	\$3,967,936	\$1,898,657	\$18,119,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,263,028	(\$3,156,202)	(\$90,618)	(\$1,983,792)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from (to) Other Funds	(186,839)	0	186,839	0
Other Transfers	(423,150)	0	(134,981)	(558,131)
Bond Proceeds	0	0	377,663	377,663
Total Other Financing Sources (Uses)	(\$609,989)	\$0	\$429,521	(\$180,468)
Net Change in Fund Balance	\$653,039	(\$3,156,202)	\$338,903	(\$2,164,260)
<u>FUND BALANCE - BEGINNING</u>	4,277,624	14,926,479	201,368	19,405,471
<u>FUND BALANCE - ENDING</u>	\$4,930,663	\$11,770,277	\$540,271	\$17,241,211

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Total net change in fund balances - governmental funds	(\$2,164,260)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

(67,194)

Construction in Progress

3,967,936

Bond Proceeds

(377,663)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.

138,130

Change in accrued interest on long-term liabilities

39,341

Decrease in accrued compensated absences

4,724

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$1,541,014

BENDLE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2007

	Trust & Agency
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$116,927</u>
<u>TOTAL ASSETS</u>	<u>\$116,927</u>
<u>LIABILITIES</u>	
Due to Student Groups	<u>\$116,927</u>
<u>TOTAL LIABILITIES</u>	<u>\$116,927</u>

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Local Sources	\$1,280,407	\$1,309,684	\$1,342,177	\$32,493
State Sources	10,752,796	11,119,224	11,084,789	(34,435)
Federal Sources	1,083,233	1,110,461	1,089,390	(21,071)
Total Revenues	\$13,116,436	\$13,539,369	\$13,516,356	(\$23,013)
<u>EXPENDITURES</u>				
Current:				
Instruction	7,698,114	7,819,705	7,564,105	255,600
Student Services	901,079	925,868	891,145	34,723
Instructional Support	948,564	843,635	804,389	39,246
General Administration	312,881	308,265	288,356	19,909
School Administration	896,263	889,274	865,960	23,314
Business Administration	128,031	165,364	162,336	3,028
Operation & Maintenance of Plant	1,281,676	1,344,633	1,323,048	21,585
Transportation	243,667	252,931	200,306	52,625
Support Services - Other	15,689	15,672	10,846	4,826
Community Services	181,956	183,652	142,837	40,815
Total Expenditures	\$12,607,920	\$12,748,999	\$12,253,328	\$495,671
Excess of Revenues Over Expenditures	\$508,516	\$790,370	\$1,263,028	\$472,658
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	(429,733)	(655,949)	(609,989)	45,960
				\$518,618
<u>FUND BALANCE - BEGINNING</u>			4,277,624	
<u>FUND BALANCE - ENDING</u>			\$4,930,663	

See accompanying notes to the basic financial statements.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

1) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bendle Public Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains two school service funds: Food Service and Athletic Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Sinking Capital Projects Fund

The Sinking Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District audits of Bonded Construction Funds and of Sinking Funds in Michigan. Voters in the School District authorized 1.9812 mills on April 23, 2002 for ten years to be used for school facility improvements by the School District. The District is currently using this millage to pay the principal and interest payments due for the 2001 Building and Site bonds and facility renovations as appropriate.

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major facilities by the school district.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) COMPENSATED ABSENCES (Continued)

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the functional level.

The District ended the year with a deficit in the Sinking Capital Projects Fund.

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the district had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	Portfolio %
Government Bonds	\$ 6,065,231	0.2776	N/A	52.04%
US Treasury Plus	5,589,506	0.0027	N/A	47.96%
Total fair value	<u>\$ 11,654,737</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.1458</u>		

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS (Continued)

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service. The District's investments in commercial paper were rated A1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The District's investments in corporate bonds were rated AAA by Standard & Poor's and Fitch Ratings, and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$4,917,418 of the District's bank balance of \$5,296,591 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk. The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of \$116,927	\$5,157,427
Investments	<u>11,654,737</u>
<u>TOTAL</u>	<u>\$ 16,812,164</u>

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 116,927
Cash – District Wide	5,040,500
Investments – District Wide	<u>11,654,737</u>
<u>TOTAL</u>	<u>\$ 16,812,164</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 1,846,708
Federal Grants	235,680
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 2,082,388</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007, the School District had \$27,154 in estimated claims in conjunction with the program.

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2007.

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>BALANCE</u> <u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2007</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$3,828,733	\$0	\$39,655	\$3,789,078
Land Improvements	708,912	83,243	11,802	780,353
Equipment and Furniture	1,000,651	18,193	0	1,018,844
Vehicles	302,279	26,118	0	328,397
Totals at Historical Cost	<u>\$5,840,575</u>	<u>\$127,554</u>	<u>\$51,457</u>	<u>\$5,916,672</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(2,760,054)	(51,709)	(29,073)	(2,782,690)
Land Improvements	(239,115)	(30,655)	(1,770)	(268,000)
Equipment and Furniture	(706,367)	(79,603)	0	(785,970)
Vehicles	(266,149)	(12,167)	0	(278,316)
Total Accumulated Depreciation	<u>(\$3,971,685)</u>	<u>(\$174,134)</u>	<u>(\$30,843)</u>	<u>(\$4,114,976)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$1,868,890</u>	<u>(\$46,580)</u>	<u>\$20,614</u>	<u>\$1,801,696</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

9) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	\$ 766
Support Services	68,778
Food Service	16,293
Athletics	8,064
Unallocated	<u>80,233</u>
 <u>TOTAL DEPRECIATION EXPENSE</u>	 <u>\$ 174,134</u>

Investment in capital assets – net of related debt consists of the following:

Construction in Progress	\$ 4,512,402
Capital Assets	5,916,672
Less: Accumulated Depreciation	(4,114,976)
Less: Long-Term Liabilities	(16,584,058)
MI School Bond Loan Fund	377,663
Compensated Absences	167,066
2006 Capital Projects Fund Equity	<u>11,770,277</u>
 <u>TOTAL</u>	 <u>\$ 2,045,046</u>

10) GENERAL LONG-TERM DEBT

A) Durant Resolution Package Bonds

Bendle Public Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of \$202,096 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was \$119,329.

B) 2001 General Obligation - Limited Tax

Bendle Public Schools issued 2001 general obligation - limited tax bonds for the purpose of renovating South Bendle Elementary and expand the existing parking lot.

The bonds are dated May 1, 2001 in the aggregate amount of \$990,000 and require annual payments of principal and interest. The interest rates range from 3.60% to 4.50% per annum. The principal balance at June 30, 2007 was \$465,000.

C) 2006 School Building and Site Bonds

Bendle Public Schools has issued General Obligation Bonds dated February 9, 2006, in the amount of \$15,455,000, bearing interest at rates varying from 3.50% to 5.00% per annum. These bonds were issued for the purpose of erecting, equipping and furnishing a new high school and related athletic facilities, acquiring, preparing, developing and improving the site, demolishing T.N. Lamb Middle School, remodeling, reequipping and refurbishing the existing high school building to provide for a middle school building. The balance of the bonds as of June 30, 2007 was \$15,455,000.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

10) GENERAL LONG-TERM DEBT (Continued)

D) Installment Contracts

The District has an installment contract with Citizens Bank in the amount of \$218,901 for the purchase of fitness equipment. The contract requires annual payments of \$77,632 plus interest at 3.6% per annum. The contract expire July 15, 2006. The loan was paid in full during the year.

E) Michigan School Bond Loan Fund

The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of \$12,852 has been assessed for the year ended June 30, 2007, and is included in the amount owing the State at that date. The principal balance as of June 30, 2007 was \$377,663.

F) Annual Principal Requirements

The annual principal requirements for all debts outstanding as of June 30, 2007 are as follows:

	BONDS PAYABLE	MI SCHOOL BOND LOAN	INTEREST	TOTAL
June 30, 2008	\$405,000	\$0	\$698,679	\$1,103,679
June 30, 2009	513,728	0	710,394	1,224,122
June 30, 2010	481,782	0	669,683	1,151,465
June 30, 2011	487,343	0	650,717	1,138,060
June 30, 2012	387,930	0	631,380	1,019,310
June 30, 2013-2017	2,063,546	0	2,919,238	4,982,784
June 30, 2018-2022	2,500,000	0	2,471,867	4,971,867
June 30, 2023-2027	3,125,000	0	1,888,382	5,013,382
June 30, 2028-2032	3,750,000	0	1,131,376	4,881,376
June 30, 2033-2035	2,325,000	0	232,500	2,557,500
Thereafter	0	377,663	0	377,663
<u>TOTAL</u>	<u>\$16,039,329</u>	<u>\$377,663</u>	<u>\$12,004,216</u>	<u>\$28,421,208</u>

The payment dates of sick and longevity days payable is undeterminable. The interest expenditures on long-term obligations for the year ended June 30, 2007, was \$832,948.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

10) GENERAL LONG-TERM DEBT (Continued)

G) Changes in General Long-Term Debt

<u>Governmental Activities:</u>	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Amount Due in One Year
Durant Bonds	\$119,329	\$0	\$0	\$119,329	\$0
Building & Site Bonds	16,020,000	0	100,000	15,920,000	405,000
Installment Contract	38,130	0	38,130	0	0
MI School Bond Loan Fund	0	377,663	0	377,663	0
Sick Days Payable	171,790	0	4,724	167,066	0
<u>Total Governmental Activities</u>	<u>\$16,349,249</u>	<u>\$377,663</u>	<u>\$142,854</u>	<u>\$16,584,058</u>	<u>\$405,000</u>

11) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

TRANSFERS TO	TRANSFERS FROM
	GENERAL FUND
Athletics Fund	<u>\$186,839</u>

These transfers were made to subsidize the cost of services for athletics.

12) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2007, 2006 and 2005 were \$1,246,618, \$1,140,767 and \$1,083,415, respectively.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

12) DEFINED BENEFIT PENSION PLAN (Continued)

Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

13) RISK MANAGEMENT

The District is exposed to various risks of losses in conducting its operations, from property and casualty, theft, damages to various tort and liability claims, and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

14) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs, principal of which are the Title I, Special Education Cluster and Nutrition Cluster grants. These programs are subject to program compliance audits. The audit of these programs for and including the year ended June 30, 2007, have been conducted and have been reported in this audit report. However, the compliance audit report has not yet been accepted by the grantor. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL
INFORMATION

BENDLE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	School Service Funds	2006 Debt Retirement Fund	Sinking Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$251,886	\$278,119	\$0	\$530,005
Taxes Receivable	0	4,247	2,213	6,460
Due from Other Governmental Units	3,878	0	0	3,878
Inventory	10,236	0	0	10,236
<u>TOTAL ASSETS</u>	<u>\$266,000</u>	<u>\$282,366</u>	<u>\$2,213</u>	<u>\$550,579</u>
<u>LIABILITIES</u>				
Accounts Payable	\$310	\$0	\$9,998	\$10,308
<u>FUND BALANCES</u>				
Reserved For:				
Inventory	10,236	0	0	10,236
Debt Retirement	0	282,366	0	282,366
Capital Projects	0	0	(7,785)	(7,785)
Unreserved:				
Undesignated, Reported In:				
School Service Fund	255,454	0	0	255,454
Total Fund Balances	<u>\$265,690</u>	<u>\$282,366</u>	<u>(\$7,785)</u>	<u>\$540,271</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$266,000</u>	<u>\$282,366</u>	<u>\$2,213</u>	<u>\$550,579</u>

BENDLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	School Service Funds	2006 Debt Retirement Fund	Sinking Capital Projects Fund	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$127,184	\$737,676	\$516,673	\$1,381,533
State Sources	24,853	0	0	24,853
Federal Sources	401,653	0	0	401,653
Total Revenues	<u>\$553,690</u>	<u>\$737,676</u>	<u>\$516,673</u>	<u>\$1,808,039</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	186,839	0	0	186,839
Bond Proceeds	0	377,663	0	377,663
Prior Period Expenses	0	0	(10,621)	(10,621)
Bond Payments	0	0	(124,360)	(124,360)
Total Other Financing Sources (Uses)	<u>\$186,839</u>	<u>\$377,663</u>	<u>(\$134,981)</u>	<u>\$429,521</u>
Total Revenues & Other Financing Sources	<u>\$740,529</u>	<u>\$1,115,339</u>	<u>\$381,692</u>	<u>\$2,237,560</u>
<u>EXPENDITURES</u>				
Food Service and Athletics	753,284	0	0	753,284
Debt Service				
Interest	0	832,948	0	832,948
Other	0	25	0	25
Capital Outlay	0	0	312,400	312,400
Total Expenditures	<u>\$753,284</u>	<u>\$832,973</u>	<u>\$312,400</u>	<u>\$1,898,657</u>
Net Change in Fund Balance	<u>(\$12,755)</u>	<u>\$282,366</u>	<u>\$69,292</u>	<u>\$338,903</u>
<u>NET ASSETS - BEGINNING</u>	<u>278,445</u>	<u>0</u>	<u>(77,077)</u>	<u>201,368</u>
<u>NET ASSETS - ENDING</u>	<u>\$265,690</u>	<u>\$282,366</u>	<u>(\$7,785)</u>	<u>\$540,271</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHOOL SERVICE FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2007

	<u>FOOD SERVICES</u>	<u>ATHLETIC ACTIVITIES</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$250,831	\$1,055	\$251,886
Due from Other Governmental Units	3,878	0	3,878
Inventory	10,236	0	10,236
<u>TOTAL ASSETS</u>	<u>\$264,945</u>	<u>\$1,055</u>	<u>\$266,000</u>
<u>LIABILITIES</u>			
Accounts Payable	\$118	\$192	\$310
<u>FUND EQUITY</u>			
Reserved for Inventory	10,236	0	10,236
Unreserved and Undesignated	254,591	863	255,454
Total Fund Equity	\$264,827	\$863	\$265,690
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$264,945</u>	<u>\$1,055</u>	<u>\$266,000</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHOOL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	<u>FOOD SERVICES</u>	<u>ATHLETIC ACTIVITIES</u>	<u>TOTALS</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Cafeteria Sales	\$106,215	\$0	\$106,215
Athletic Activities	0	18,801	18,801
Interest	0	0	0
Other Local Sources	2,168	0	2,168
Total Local Sources	<u>\$108,383</u>	<u>\$18,801</u>	<u>\$127,184</u>
<u>State Sources</u>			
State Reimbursements	24,853	0	24,853
<u>Federal Sources</u>			
Federal Reimbursements	359,046	0	359,046
Commodities	42,607	0	42,607
Total Federal Sources	<u>\$401,653</u>	<u>\$0</u>	<u>\$401,653</u>
Total Revenues	<u>\$534,889</u>	<u>\$18,801</u>	<u>\$553,690</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers from General Fund	0	186,839	186,839
Total Revenues and Other Financing Sources	<u>\$534,889</u>	<u>\$205,640</u>	<u>\$740,529</u>
<u>EXPENDITURES</u>			
Salaries - Professional	148,361	134,033	282,394
Insurance	5,201	0	5,201
Fica, Retirement, Etc.	37,407	33,997	71,404
Purchased Services	11,705	10,303	22,008
Supplies and Materials	289,958	23,882	313,840
Capital Outlay	52,882	0	52,882
Other	326	5,229	5,555
Total Expenditures	<u>\$545,840</u>	<u>\$207,444</u>	<u>\$753,284</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	<u>(\$10,951)</u>	<u>(\$1,804)</u>	<u>(\$12,755)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$275,778</u>	<u>\$2,667</u>	<u>\$278,445</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$264,827</u>	<u>\$863</u>	<u>\$265,690</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES FROM
Local Sources

Property Tax Levy	\$929,224
Earnings on Investments and Deposits	153,113
Tuition - Latch Key and Adult Education	63,861
Medicaid Fee for Service	20,683
Bridges Grant	46,758
Other Local Revenues	128,538
Total Revenues from Local Sources	<u>\$1,342,177</u>

State Sources

State Aid - Foundation - Sec. 20	9,918,553
Headlee	354,691
At Risk	417,456
Adult Ed	157,777
Vocational Education	1,540
MI School Readiness	118,800
Other State Grants	95,762
Durant Funds	20,210
Total Revenues from State Sources	<u>\$11,084,789</u>

Federal Sources

Title I	355,970
Title V	1,807
Technology Literacy	3,277
Improving Teacher Quality	120,285
Special Education - Preschool	26,724
Special Education Flowthrough	329,822
Even Start	7,943
Service Provider Grant	4,000
Medicaid	6,586
Other Grants from ISD	232,976
Total Revenues from Federal Sources	<u>\$1,089,390</u>
Total Revenues	<u>\$13,516,356</u>

OTHER FINANCING SOURCES

County Special Education Tax	<u>105,081</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES
\$13,621,437

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTIONBASIC PROGRAMSSouth Bendle Elementary

Salaries - Professional	\$805,576
Salaries - Non-Professional	33,917
Insurances	130,514
Fica, Retirement, Etc.	210,730
Supplies and Materials	38,009
Total South Bendle Elementary	<u>\$1,218,746</u>

West Bendle Elementary

Salaries - Professional	722,805
Salaries - Non-Professional	44,436
Insurances	153,389
Fica, Retirement, Etc.	190,562
Supplies and Materials	49,049
Total West Bendle Elementary	<u>\$1,160,241</u>

Friel Elementary

Insurances	143
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Middle School

Salaries - Professional	753,327
Salaries - Non-Professional	22,337
Insurances	157,069
Fica, Retirement, Etc.	195,622
Purchased Services	17,289
Supplies and Materials	23,782
Total Middle School	<u>\$1,169,426</u>

High School

Salaries - Professional	823,064
Salaries - Non-Professional	27,270
Insurances	166,856
Fica, Retirement, Etc.	213,110
Purchased Services	7,300
Supplies and Materials	78,750
Capital Outlay	120,306
Total High School	<u>\$1,436,656</u>

Total Basic Programs

\$4,985,212

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTION (Continued)ADDED NEEDSSpecial Education

Salaries - Professional	\$637,358
Salaries - Non-Professional	81,327
Insurances	126,217
Fica, Retirement, Etc.	179,220
Purchased Services	64
Supplies and Materials	5,449
Total Special Education	<u>\$1,029,635</u>

Compensatory Education

Salaries - Professional	301,130
Insurances	27,609
Fica, Retirement, Etc.	72,870
Supplies and Materials	28,033
Capital Outlay	666
Total Compensatory Education	<u>\$430,308</u>

Total Added Needs \$1,459,943

ADULT/CONTINUING EDUCATION

Salaries - Professional	601,656
Salaries - Non-Professional	51,688
Insurances	150,737
Fica, Retirement, Etc.	171,012
Purchased Services	111,054
Supplies and Materials	28,693
Capital Outlay	1,181
Other	2,929
Total Adult/Continuing Education	<u>\$1,118,950</u>

Total Instruction \$7,564,105

SUPPORT SERVICESSTUDENT SERVICES

Salaries - Professional	381,819
Salaries - Non-Professional	145,090
Insurances	82,837
Fica, Retirement, Etc.	130,383
Purchased Services	121,290
Supplies and Materials	29,726
Total Student Services	<u>\$891,145</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)INSTRUCTIONAL STAFF

Salaries - Professional	\$232,952
Salaries - Non-Professional	162,983
Insurances	73,239
Fica, Retirement, Etc.	94,147
Purchased Services	197,665
Supplies and Materials	43,403
Total Instructional Staff	<u>\$804,389</u>

GENERAL ADMINISTRATION

Salaries - Professional	129,950
Salaries - Non-Professional	59,383
Insurances	18,962
Fica, Retirement, Etc.	43,507
Purchased Services	20,285
Supplies and Materials	8,380
Other	7,889
Total General Administration	<u>\$288,356</u>

SCHOOL ADMINISTRATION

Salaries - Professional	418,874
Salaries - Non-Professional	180,001
Insurances	118,415
Fica, Retirement, Etc.	148,070
Purchased Services	600
Total School Administration	<u>\$865,960</u>

BUSINESS OFFICE

Purchased Services	59,182
Other	103,154
Total Business Office	<u>\$162,336</u>

OPERATION & MAINTENANCE OF PLANT

Salaries - Non-Professional	183,613
Insurances	50,833
Fica, Retirement, Etc.	76,084
Purchased Services	504,914
Supplies and Materials	373,627
Capital Outlay	133,064
Other	913
Total Operation and Maintenance of Plant	<u>\$1,323,048</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)TRANSPORTATION

Salaries - Non-Professional	\$109,460
Insurances	11,200
Fica, Retirement, Etc.	27,058
Purchased Services	25,864
Supplies and Materials	26,409
Other	315
Total Transportation	<u>\$200,306</u>

OTHER SUPPORT SERVICES

Salaries - Non-Professional	2,984
Fica, Retirement, Etc.	1,016
Purchased Services	6,792
Supplies and Materials	54
Total Other Support Services	<u>\$10,846</u>

Total Support Services	\$4,546,386
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COMMUNITY SERVICES

Salaries - Professional	30,401
Salaries - Non-Professional	80,659
Fica, Retirement, Etc.	26,615
Supplies and Materials	5,098
Other	64
Total Community Services	<u>\$142,837</u>

<u>Total Expenditures</u>	\$12,253,328
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OTHER FINANCING USES

Transfers to Other Districts	489,430
Loan Payments	38,801
Transfer to Other Funds	186,839
<u>Total Other Financing Uses</u>	<u>\$715,070</u>

<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$12,968,398</u>
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BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

STUDENT ACTIVITY	Due to (From) Student Groups July 1, 2006	Receipts	Disbursements	Due to (From) Student Groups June 30, 2007
Administrative	\$7,534	\$6,462	\$3,322	\$10,674
Adult Ed - L. Weiss Fund	1,788	0	0	1,788
Adult Ed Scholarship	856	0	0	856
Alumni Funds	6,929	0	0	6,929
Atlantis - Prom Committee	1,205	0	0	1,205
Atlantis - Student Gov.	1,400	212	465	1,147
Atlantis - Yearbook	537	1,860	30	2,367
B.E.A. Library Fund	3,547	0	0	3,547
BHS Scoreboard Fund	250	0	0	250
Boys Youth Basketball	31	410	0	441
C. Russian Memorial Fund	12,276	7,658	14,045	5,889
Class of 2005	3,453	0	0	3,453
Class of 2006	(339)	0	450	(789)
Class of 2007	2,107	3,530	1,835	3,802
Class of 2008	1,913	6,958	6,331	2,540
Class of 2009	489	803	898	394
Class of 2010	0	1,029	0	1,029
Community Ed. - Misc.	6,334	225	1,597	4,962
Corbett Memorial Fund	1,781	238	48	1,971
GAC League Student Council	1,397	134	0	1,531
Girls Youth Basketball	245	1,001	864	382
H.O.S.T.S.	2,719	0	0	2,719
HS - Band	248	0	0	248
HS - Baseball	151	0	0	151
HS - Basketball - Boys	1,284	764	1,153	895
HS - Basketball - Girls	1,535	2,315	1,560	2,290
HS - Careers	458	0	300	158
HS - Cheerleading	108	2,041	2,040	109
HS - Concessions	7,438	9,869	13,663	3,644
HS - Cross Country	130	0	0	130
HS - Drafting	261	0	0	261
HS - Drama	480	0	0	480
HS - Football	(2,102)	4,425	1,833	490
HS - Gator Account	208	0	0	208
HS - Library Club	217	0	0	217
HS - Math Club	39	0	0	39
HS - Office	5,107	6,162	7,839	3,430
HS - Office Co-Op	24	0	0	24
HS - Power Lifting - Girls	305	0	301	4
HS - Quiz Bowl	6	0	0	6
HS - Softball - Girls	427	0	322	105
HS - Spanish Club	913	0	0	913
HS - Student Council	(33)	33	0	0

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN

TRUST AND AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITY ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2007

STUDENT ACTIVITY	Due to (From)	Receipts	Disbursements	Due to (From)
	Student Groups July 1, 2006			Student Groups June 30, 2007
HS - Teachers Lounge	\$507	\$0	\$0	\$507
HS - Technology	105	0	0	105
HS - Teen Advisory Council	113	0	0	113
HS - Track - Boys	121	0	0	121
HS - Track - Girls	12	0	0	12
HS - Vocal Music	6	0	0	6
HS - Volleyball	699	384	210	873
HS - Wrestling	2,264	2,283	3,565	982
HS - Yearbook	310	375	0	685
L.K. Westgate Memorial Fund	418	0	0	418
L.M.E.	543	3,355	3,473	425
Marketing Program	1,050	0	0	1,050
Michigan Mystics Scholarship	5,000	0	0	5,000
MS - Band	(229)	229	0	0
MS - Cheerleaders	(314)	314	0	0
MS - Girls Basketball	71	0	0	71
MS - Library Club	2,367	6,007	6,908	1,466
MS - N.J. Honor Society	(10)	10	0	0
MS - Office Activity	3,104	13,655	14,990	1,769
MS - Special Olympics	128	0	0	128
MS - Student Council	121	0	0	121
MS - Vocal Music	311	0	0	311
MS - Youth Advisory	43	0	43	0
National Honor Society	33	314	347	0
P. Ackerman Memorial Fund	335	0	0	335
Project Close Up	3,474	0	0	3,474
Projectionist Club/ SADD	23	0	0	23
S.A.D.D.	216	0	0	216
Service Learning	75	0	0	75
Shirley Card Memorial Fund	25	0	0	25
South Student Council	14,538	17,979	25,453	7,064
Unidentified Deposits	208	0	0	208
V. Jones Literacy Fund	500	0	0	500
West Bendle Scholarship	0	775	0	775
West Library	(16)	4,034	2,736	1,282
West Music Boosters	519	503	489	533
West Office Fund	2,120	3,650	1,363	4,407
West Student Council	12,295	11,958	11,295	12,958
TOTALS	\$124,741	\$121,954	\$129,768	\$116,927

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$202,096

1998 DURANT RESOLUTION PACKAGE BONDS

<u>PAYMENT DATE MAY 15TH</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
2008	\$0	4.761353%	\$0	\$0
2009	68,728	4.761353%	26,625	95,353
2010	11,782	4.761353%	2,409	14,191
2011	12,343	4.761353%	1,848	14,191
2012	12,930	4.761353%	1,261	14,191
2013	<u>13,546</u>	4.761353%	<u>645</u>	<u>14,191</u>
<u>TOTAL</u>	<u>\$119,329</u>		<u>\$32,788</u>	<u>\$152,117</u>

DATE OF ISSUE - May 1, 2001

Original amount of issue - \$990,000

2001 GENERAL OBLIGATION LIMITED TAX BONDS

<u>PAYMENT DATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT MAY 1</u>	<u>INTEREST REQUIREMENT NOVEMBER 1</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
2008-2009	\$105,000	4.20%	\$10,130	\$10,130	\$125,260
2009-2010	115,000	4.30%	7,925	7,925	130,850
2010-2011	120,000	4.40%	5,453	5,453	130,905
2011-2012	<u>125,000</u>	4.50%	<u>2,813</u>	<u>2,813</u>	<u>130,625</u>
<u>TOTAL</u>	<u>\$465,000</u>		<u>\$26,320</u>	<u>\$26,320</u>	<u>\$517,640</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - February 9, 2006

Original amount of issue - \$15,455,000

2006 SCHOOL BUILDING AND SITE BONDS

<u>PAYMENT DATE</u>	<u>PRINCIPAL REQUIREMENT</u>	<u>INTEREST RATE</u>	<u>INTEREST REQUIREMENT MAY 1</u>	<u>INTEREST REQUIREMENT NOVEMBER 1</u>	<u>TOTAL FISCAL YEAR REQUIREMENTS</u>
2008-2009	\$300,000	3.50%	\$339,209	\$339,210	\$978,419
2009-2010	330,000	3.50%	333,960	333,959	997,919
2010-2011	350,000	3.75%	328,184	328,185	1,006,369
2011-2012	350,000	3.75%	321,622	321,622	993,244
2012-2013	375,000	4.00%	315,060	315,059	1,005,119
2013-2014	375,000	4.00%	307,559	307,560	990,119
2014-2015	400,000	4.00%	300,060	300,059	1,000,119
2015-2016	400,000	4.00%	292,059	292,060	984,119
2016-2017	425,000	4.00%	284,059	284,059	993,118
2017-2018	450,000	4.00%	275,559	275,559	1,001,118
2018-2019	450,000	4.00%	266,559	266,559	983,118
2019-2020	475,000	4.10%	257,559	257,559	990,118
2020-2021	500,000	4.13%	247,822	247,822	995,644
2021-2022	525,000	4.20%	237,509	237,510	1,000,019
2022-2023	550,000	4.25%	226,484	226,484	1,002,968
2023-2024	575,000	4.30%	214,797	214,797	1,004,594
2024-2025	600,000	4.30%	202,434	202,435	1,004,869
2025-2026	625,000	4.38%	189,535	189,534	1,004,069
2026-2027	650,000	4.40%	175,862	175,862	1,001,724
2027-2028	675,000	4.50%	161,563	161,563	998,126
2028-2029	700,000	4.50%	146,375	146,375	992,750
2029-2030	725,000	4.50%	130,625	130,625	986,250
2030-2031	775,000	4.50%	114,313	114,313	1,003,626
2031-2032	775,000	5.00%	96,875	96,875	968,750
2032-2033	775,000	5.00%	77,500	77,500	930,000
2033-2034	775,000	5.00%	58,125	58,125	891,250
2034-2035	775,000	5.00%	38,750	38,750	852,500
2035-2036	775,000	5.00%	19,375	19,375	813,750
<u>TOTAL</u>	<u>\$15,455,000</u>		<u>\$5,959,393</u>	<u>\$5,959,395</u>	<u>\$27,373,788</u>

BENDLE PUBLIC SCHOOLS
BURTON, MICHIGAN
FEDERAL AWARDS
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

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October 10, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Bendle Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bendle Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the Bendle Public Schools' basic financial statements and have issued our report thereon dated October 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bendle Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bendle Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bendle Public Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bendle Public Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bendle Public Schools' financial statements that is more than inconsequential will not be prevented or detected by the Bendle Public Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bendle Public Schools' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bendle Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Bendle Public Schools

Page 2

October 10, 2007

This report is intended solely for the information and use of management, the finance committee, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 10, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Education of
Bendle Public Schools

Compliance

We have audited the compliance of Bendle Public Schools with the types of compliance requirements described in *the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Bendle Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bendle Public Schools' management. Our responsibility is to express an opinion on Bendle Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bendle Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bendle Public Schools' compliance with those requirements.

In our opinion, Bendle Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Bendle Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bendle Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bendle Public Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.



Bendle Public Schools
Page 2
October 10, 2007

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bendle Public Schools, as of and for the year ended June 30, 2007, and have issued our report thereon dated , 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bendle Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Michigan Department of Education			
Title I Grants to Local Educational Agencies	84.010		
ESEA Title I - Regular (05-06)		61530-0506	\$333,078
ESEA Title I - Regular (05-06)		61530-0607	38,943
ESEA Title I - Regular (06-07)		71530-0607	319,300
Total Title I Grants to Local Educational Agencies			<u>\$691,321</u>
Handicapped Preschool & School Program	84.027		
Service Provider Self Review		70440-0607	4,000
Innovative Education Program Strategie:	84.298		
Title V (06-07)		70250-0607	1,807
Technology Literacy Challenge	84.318		
Technology Literacy Challenge (06-07)		74290-0607	3,277
Comprehensive School Reform Demonstration	84.332		
Comp School Reform (05-06)		51870-0506	295,894
Comp School Reform (06-07)		61870-0607	236,000
Total Comprehensive School Reform Demonstration			<u>\$531,894</u>
Improving Teacher Quality	84.367		
Title IIA (05-06)		50520-0405	120,508
Title IIA (06-07)		70520-0607	120,285
Total Improving Teacher Quality			<u>\$240,793</u>
Total Passed Through Michigan Department of Education			<u>\$1,473,092</u>
Passed Through Genesee Intermediate School District			
Special Education - Grants to States:	84.027		
IDEA Flowthrough (06-07)		70450-0607	329,822
Transition Services (06-07)		60490-TS	1,451
Transition Services (04-05)		60490-TS	1,393
Total Special Education - Grants to States			<u>\$332,666</u>
Special Education - Preschool Grants	84.173		
IDEA Preschool Incentive (06-07)		70460-0607	26,724
Safe & Drug Free Grants			
Safe & Drug-Free (06-07)	84.186	72860-0607	1,557
Emergency Response Plans (05-06)	84.184E	Q184E050156	10,000
Partnerships in Character Education Grant	84.215S	Q215S060132	8,366
Total Passed Through Genesee Intermediate School District			<u>\$379,313</u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENT IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$182,814	\$333,078	\$0	\$0	\$182,814	\$0
0	0	38,943	0	38,943	0
0	0	317,027	0	295,000	22,027
<u>\$182,814</u>	<u>\$333,078</u>	<u>\$355,970</u>	<u>\$0</u>	<u>\$516,757</u>	<u>\$22,027</u>
0	0	4,000	0	4,000	0
0	0	1,807	0	0	1,807
0	0	3,277	0	2,471	806
78,344	202,910	92,984	0	171,328	0
0	0	128,669	0	115,966	12,703
<u>\$78,344</u>	<u>\$202,910</u>	<u>\$221,653</u>	<u>\$0</u>	<u>\$287,294</u>	<u>\$12,703</u>
58,961	120,508	0	0	58,961	0
0	0	120,285	0	120,285	0
<u>\$58,961</u>	<u>\$120,508</u>	<u>\$120,285</u>	<u>\$0</u>	<u>\$179,246</u>	<u>\$0</u>
<u>\$320,119</u>	<u>\$656,496</u>	<u>\$706,992</u>	<u>\$0</u>	<u>\$989,768</u>	<u>\$37,343</u>
0	0	329,822	0	145,575	184,247
0	0	1,400	0	1,226	174
1,393	1,393	0	0	1,393	0
<u>\$1,393</u>	<u>\$1,393</u>	<u>\$331,222</u>	<u>\$0</u>	<u>\$148,194</u>	<u>\$184,421</u>
0	0	26,724	0	20,751	5,973
0	0	1,557	0	1,557	0
0	5,000	0	0	0	0
0	0	8,366	0	8,366	0
<u>\$1,393</u>	<u>\$6,393</u>	<u>\$367,869</u>	<u>\$0</u>	<u>\$178,868</u>	<u>\$190,394</u>

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	APPROVED GRANT AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Carman-Ainsworth School Distric			
Even Start - State Educational Agencies	84.213		
Even Start (06-07)		Unknown	\$7,943
Passed Through Flint Community Schools			
Technology Literacy Challenge	84.318		
Freedom to Learn (05-06) - Cycle 2 & 3		N/A	<u>90,070</u>
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$1,950,418
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Michigan Department of Education:			
Food Distribution	10.550		
Entitlement Commodities		N/A	41,625
Bonus Commodities		N/A	<u>982</u>
Total Food Distribution			\$42,607
School Breakfast Program	10.553	N/A	84,064
School Snack Program	10.555	N/A	5,973
National School Lunch Program	10.555	N/A	<u>269,009</u>
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			\$401,653
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through Genesee Intermediate School District:			
WIA Title I Year Round Youth Services (04-05)	17.259	007-K-5	741
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Michigan Department of Education:			
Medical Assistance Program Title XIX	93.778		
Medicaid Outreach Claims (05-06)		N/A	<u>6,586</u>
<u>TOTAL FEDERAL AWARDS</u>			<u><u>\$2,359,398</u></u>

ACCRUED (DEFERRED) REVENUE JULY 1, 2006	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENT IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007
\$0	\$0	\$7,943	\$0	\$0	\$7,943
90,070	90,070	0	0	90,070	0
\$411,582	\$752,959	\$1,082,804	\$0	\$1,258,706	\$235,680
0	0	41,625	0	41,625	0
0	0	982	0	982	0
\$0	\$0	\$42,607	\$0	\$42,607	\$0
0	0	84,064	0	84,064	0
0	0	5,973	0	5,973	0
0	0	269,009	0	269,009	0
\$0	\$0	\$401,653	\$0	\$401,653	\$0
741	741	0	0	741	0
0	0	6,586	0	6,586	0
\$412,323	\$753,700	\$1,491,043	\$0	\$1,667,686	\$235,680

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

\$1,491,043

FEDERAL REVENUE RECOGNIZED PER THE GENERAL
PURPOSE FINANCIAL STATEMENTS PURPOSE

General Fund

\$1,089,390

School Service Fund

401,653

TOTAL

\$1,491,043

- 1) The Schedule of Expenditures of Federal Awards had been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grants Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Form R7120 have been reconciled in the attached reconciliation on page 8 of this report.
- 3) As of the date of completion of fieldwork, the Schedule of Transfers to Sub-Recipients from the Intermediate School Districts was not available. The amounts shown on the Schedule of Federal Financial Assistance as flow through from the Intermediate School Districts may not be conclusive.

BENDLE PUBLIC SCHOOLS - BURTON, MICHIGAN
RECONCILIATION OF FORM R 7120 " GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Current Payments Per the Grant Section Auditor's Report (Form R 7120)		\$1,348,814
<u>Add:</u> Grants Passed Through Genesee Intermediate School District:		
Special Education - Grants to States (CFDA 84.027)	\$148,194	
Special Education - Preschool Incentive (CFDA 84.173)	20,751	
Safe and Drug Free Grants (CFDA 84.186)	1,557	
Partnerships in Character Education Grant (CFDA 84.215S)	8,366	
WIA Title I Year Round Youth Services (CFDA 17.259)	741	
Medicaid Outreach Claims (CFDA 93.778)	<u>6,586</u>	
 Total Grants Passed Through Genesee Intermediate School District		 186,195
 Amount Passed Through Flint Community Schools		
Technology Literacy Grant (CFDA 84.318)		90,070
 Entitlement and Bonus Commodities (CFDA 10.550)		 <u>42,607</u>
 <u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF</u> <u>EXPENDITURES OF FEDERAL AWARDS</u>		 <u>\$1,667,686</u>

BENDLE PUBLIC SCHOOLS- BURTON, MICHIGAN
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)
84.010
84.027/84.173
10.553/10.555

Name of Federal Program or Cluster
Title I Grants to Local Agencies
Special Education Cluster
Nutrition Cluster

Dollar threshold use to distinguish between type A and type B programs:

\$ 300,000.00

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

BENDLE PUBLIC SCHOOLS- BURTON, MICHIGAN
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

2006-1) Title I (CFDA #84.010) and Special Education Cluster (#84.027 and #84.173)

Specific Requirement: Allowable Cost/Cost Principles.

Condition: The District did not complete the time certifications required for employees working solely on a single Federal award or cost objective.

Criteria: The cost principles of OMB Circular A-87 require, "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards. Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances."

Effect of Condition: Salaries and wages charged to the program could be disallowed.

Cause of Condition: The cause of the condition was the lack of knowledge of the requirement of the Circular in regards to the need for personal activity reports or equivalent documentation.

Recommendation: The District should develop a personal activity report or equivalent documentation that meets the requirements of the circular.

Status: The District has developed a personal activity report or equivalent documentation that meets the requirements of the circular.

Questioned Cost: None.